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TELECOMMUNICATIONS®
TIA
INDUSTRY ASSOCIATION

NOTICE OF EX PARTE PRESENTATIONS

Ms. Magalie Roman Salas
Secretary
Federal Communications Commission
445 Twelfth Street, S.W.
12th Street Lobby, TW-A325
Washington, D.C. 20554

Re: CC Docket No. 96-98, Implementation of the Local Competition
Provisions in the Telecommunications Act of 1996

Dear Ms. Salas:

On the days indicated below, representatives of the Telecommunications Industry Association (TIA) met with the listed Commission staff regarding the above-captioned proceeding. The discussion in all instances related to TIA's previous filing in the docket.

(Note: Names listed together below indicate same meeting, otherwise TIA individually met with that member of the Commission staff)

Tuesday, August 17, 1999

Sarah Whitesell, Office of Commissioner Gloria Tristani

William Bailey, Office of Commissioner Harold Furchtgott-Roth

Wednesday, August 18, 1999

Jake Jennings, Common Carrier Bureau
Jonathan Reel, Common Carrier Bureau

Suzanne Tetreault, Office of the General Counsel

Dale Hatfield, Chief, Office of Engineering and Technology
Stagg Newman, OET
Kent Nilsson, OET
Doug Sicker, OET
Patrick DeGraba, Office of Plans and Policy
Donald Stockdale, Common Carrier Bureau

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List ABCDE

An original and one copy of this letter, as well as TIA's presentation material, are submitted and copies have been forwarded to staff present at the meetings, pursuant to 47 C.F.R. § 1.1206. If you have any questions about this submission, please contact the undersigned.

Sincerely,

A handwritten signature in black ink, appearing to read "Derek R. Khlopin". The signature is fluid and cursive, with a horizontal line extending from the end.

Derek R. Khlopin
Regulatory Counsel

Enclosure

cc: Sarah Whitesell
William Bailey
Jake Jennings
Jonathan Reel
Suzanne Tetreault
Dale Hatfield
Stagg Newman
Kent Nilsson
Doug Sicker
Patrick DeGraba
Donald Stockdale

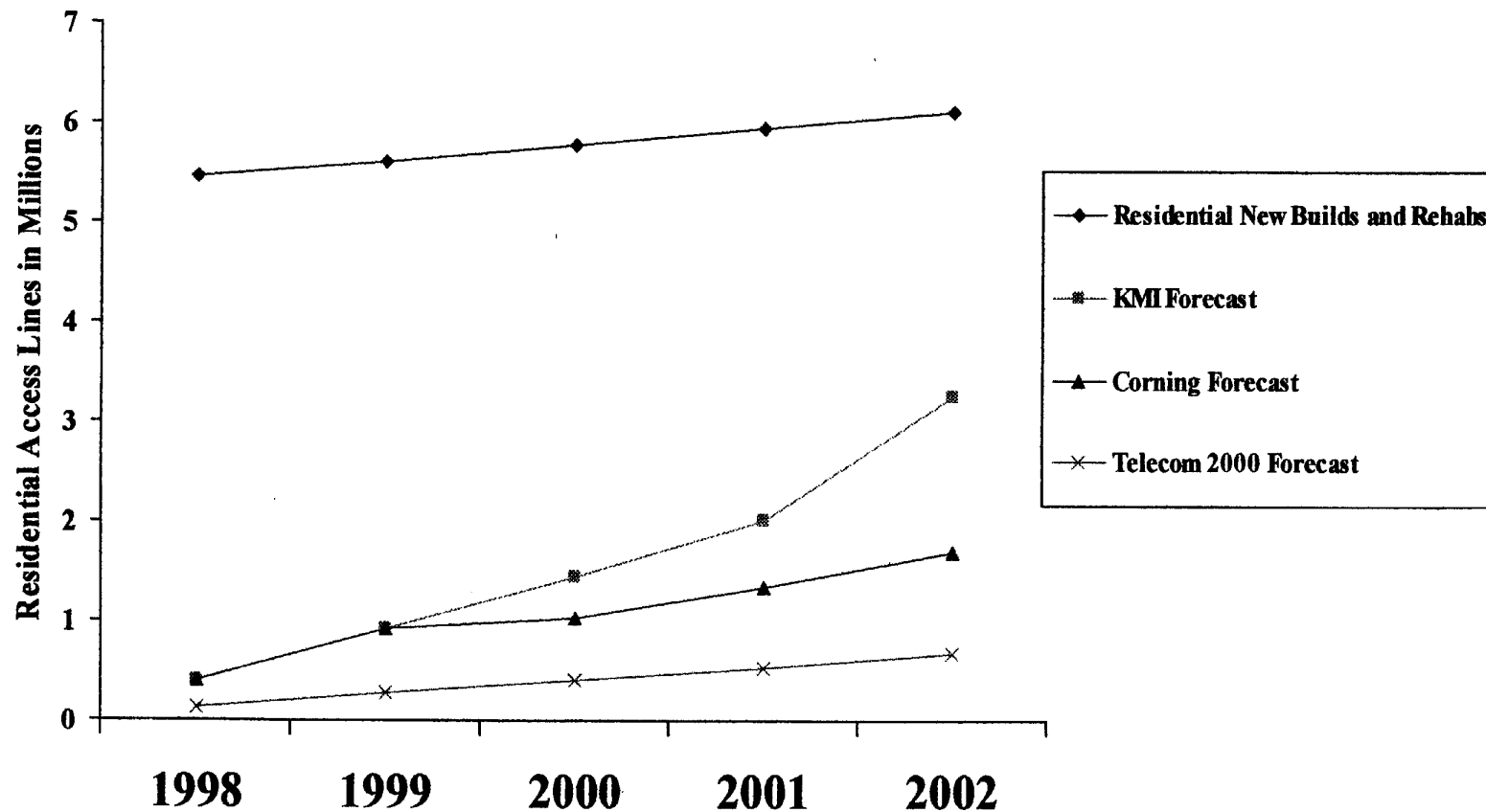
Proposal

- Refrain from unbundling “new residential broadband loop facilities”
- “New residential broadband loop facilities” must:
 - 1) be new builds or total rehabs deployed after July 1,
 - 2) provide service only to residential subscribers, and
 - 3) be capable of delivery POTS, 10 Base T data, and VHS quality video

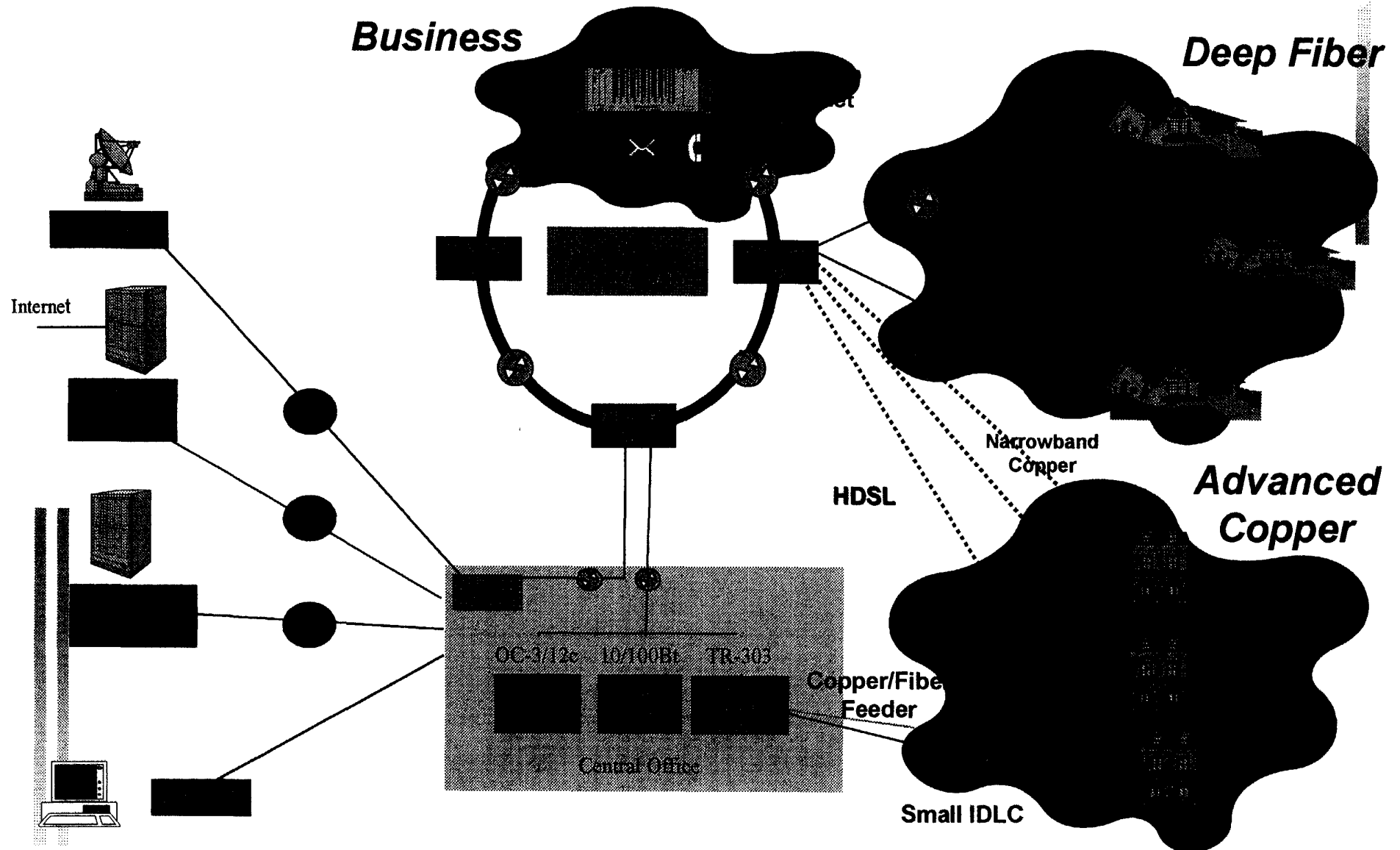
Premise for Proposal

- Regulatory failure is occurring in deployment of new “residential broadband loop facilities”
- Supreme Court said “unbundling” has limits under Section 251 (d)(2)
- Thus, FCC can take action to correct regulatory failure by imposing reasonable limits

Regulatory Failure: “True Broadband” Deployment Below Expectations



Marconi's Product Coverage



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Marconi's Deep Fiber Solution

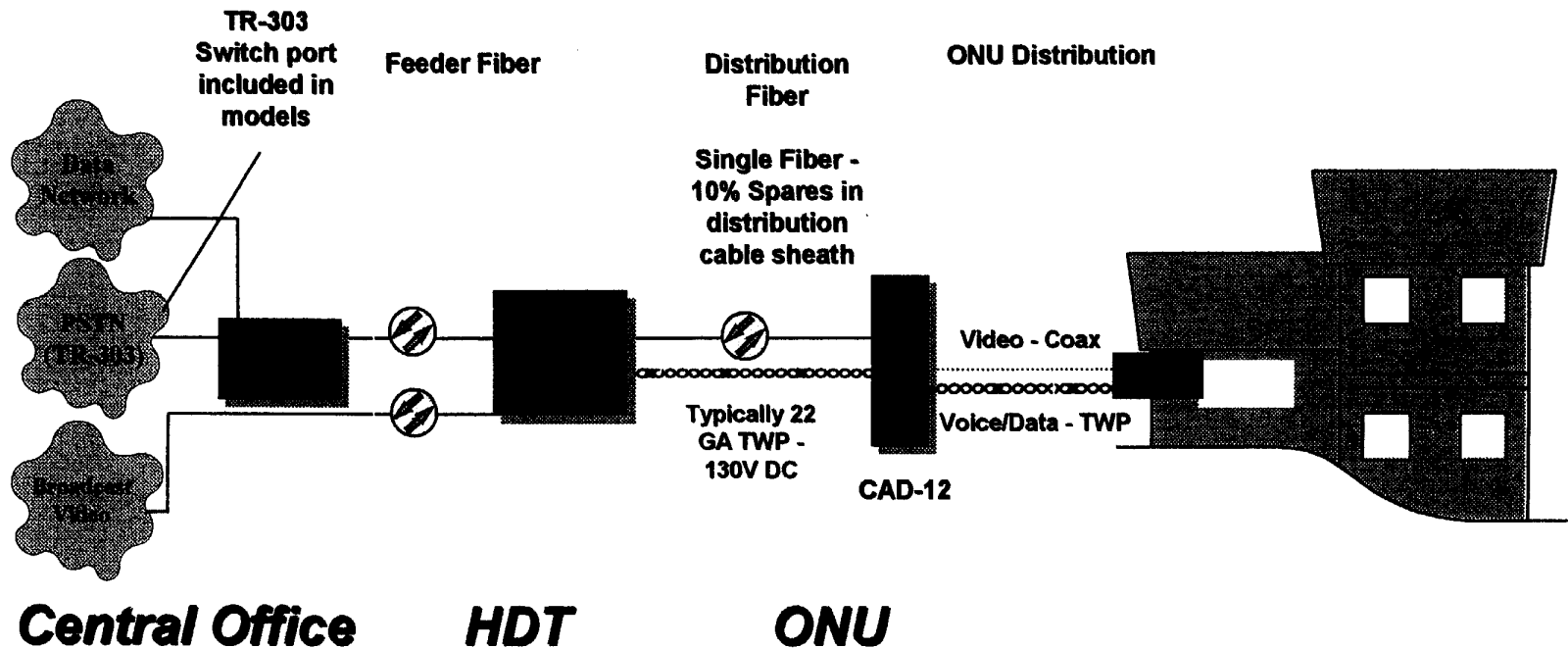
Marconi is Enabling Deep Fiber Distribution
Deployment Today

- **An Estimated 1,000,000 RELTEC 'FTTC' Access Lines of Capacity deployed at year-end 1998**
- **Fiber is Deployed Within 500 Feet of End User**
 - **No passband modulation required**
- **Single Fiber, Lowest Power, Longest Reach**
- **Enables Transition to Extremely High Service Rates:**
 - **Fast Ethernet (100 Mb/s) and Even Gigabit Ethernet (1 Gb/s) Rates are enabled**
 - **ATM25 directly to end user**
 - **"Fiber-to-the-Home" Functionality**



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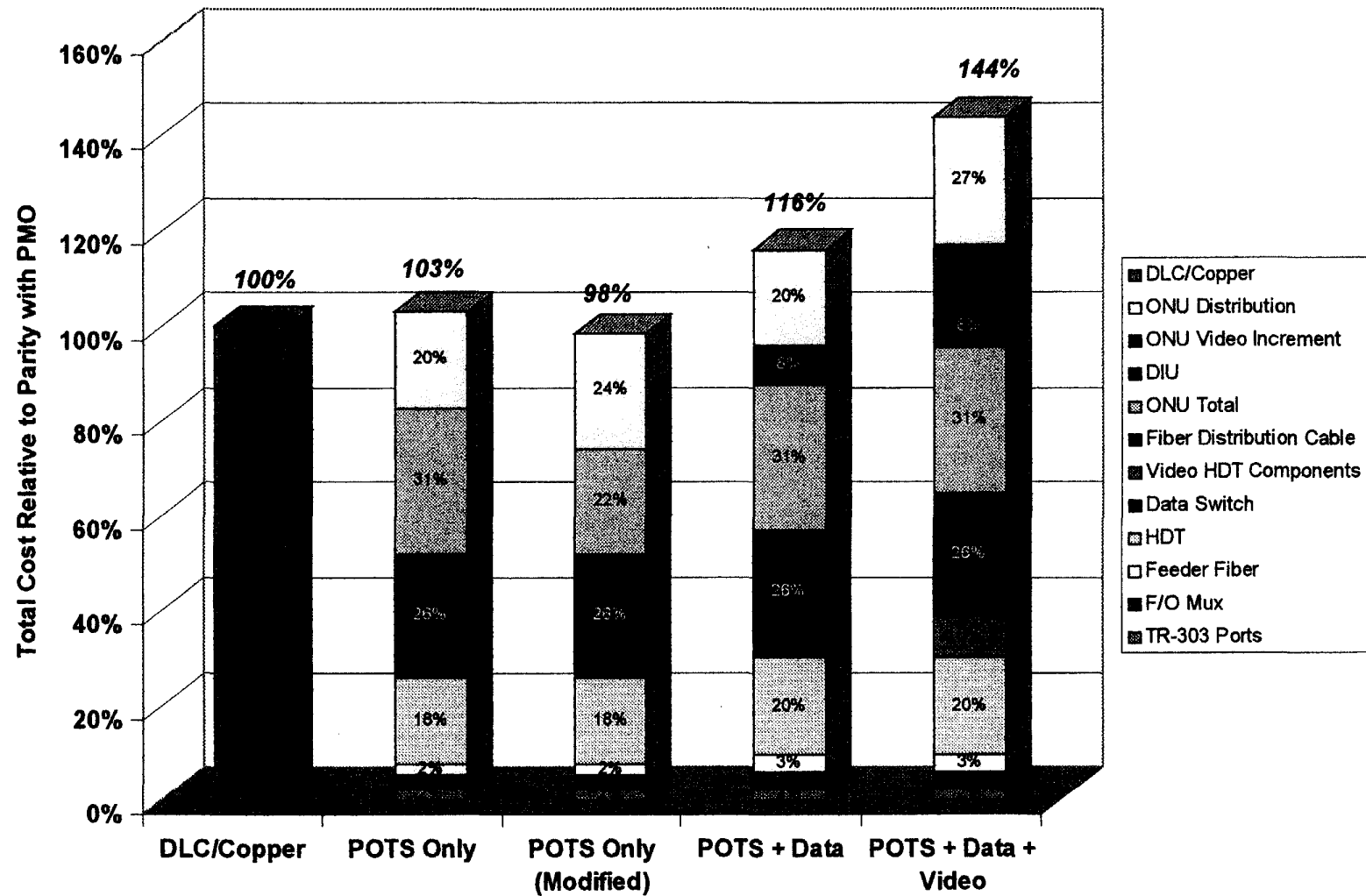
Cost Study Reference Model



Number of ONUs	112
Number of Living Units per ONU	7.2
Telephony take rate per Living Unit	125%
Equippage for Data	50%
Equippage for Video	100%

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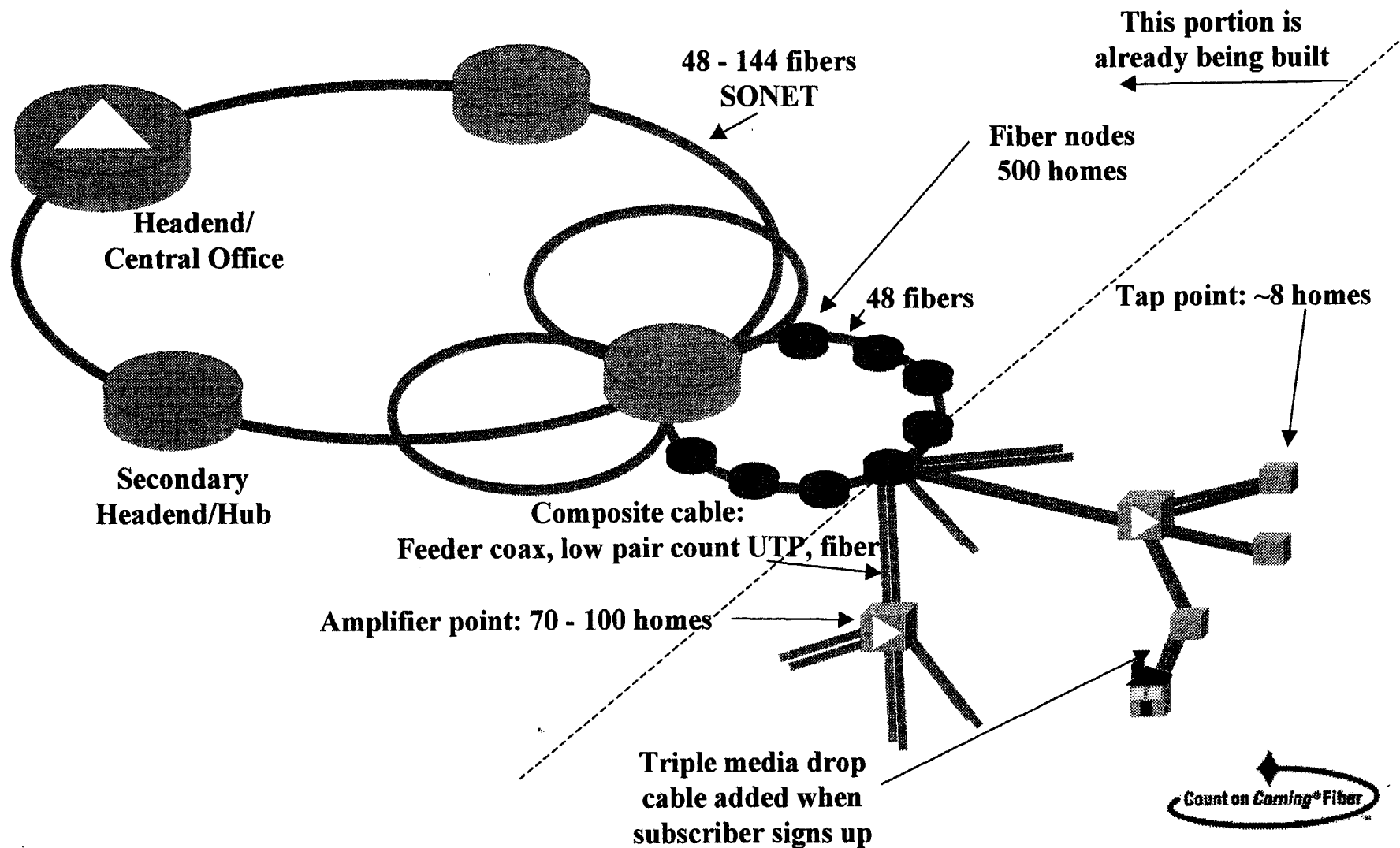
FTTC at Cost Parity to Traditional Deployment



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CORNING

Overlay Architecture



Overlay Architecture

UTP, coax and fiber (MMF, possibly SMF)

Triple-media drops installed when subscriber signs up

Passive Optical Network (PON) structure

- Allows for no active electronics in the field

- Can be used for a variety of transmission types

- Easy upgrade to other higher-speed technologies

Addressing the Traditional Barriers

Labor costs minimized

Lay fiber with copper, shares installation cost

Use of composite cable for labor savings

...but still costs more than using existing net;
therefore this is likely a new build option

Native format reduces premises hardware

Analog-digital conversion

Optical-electrical conversion

**Greater cable costs, but offset by hardware
reduction**



Other Advantages

Maximum flexibility for data over fiber

ATM, Ethernet, VDSL, SONET, etc.

Allows choice of electronics, fiber

Data rates of 10 Mbps - 10 Gbps

Upgrade path built in

Data over fiber now, migrate voice and video onto fiber as electronics prices dictate

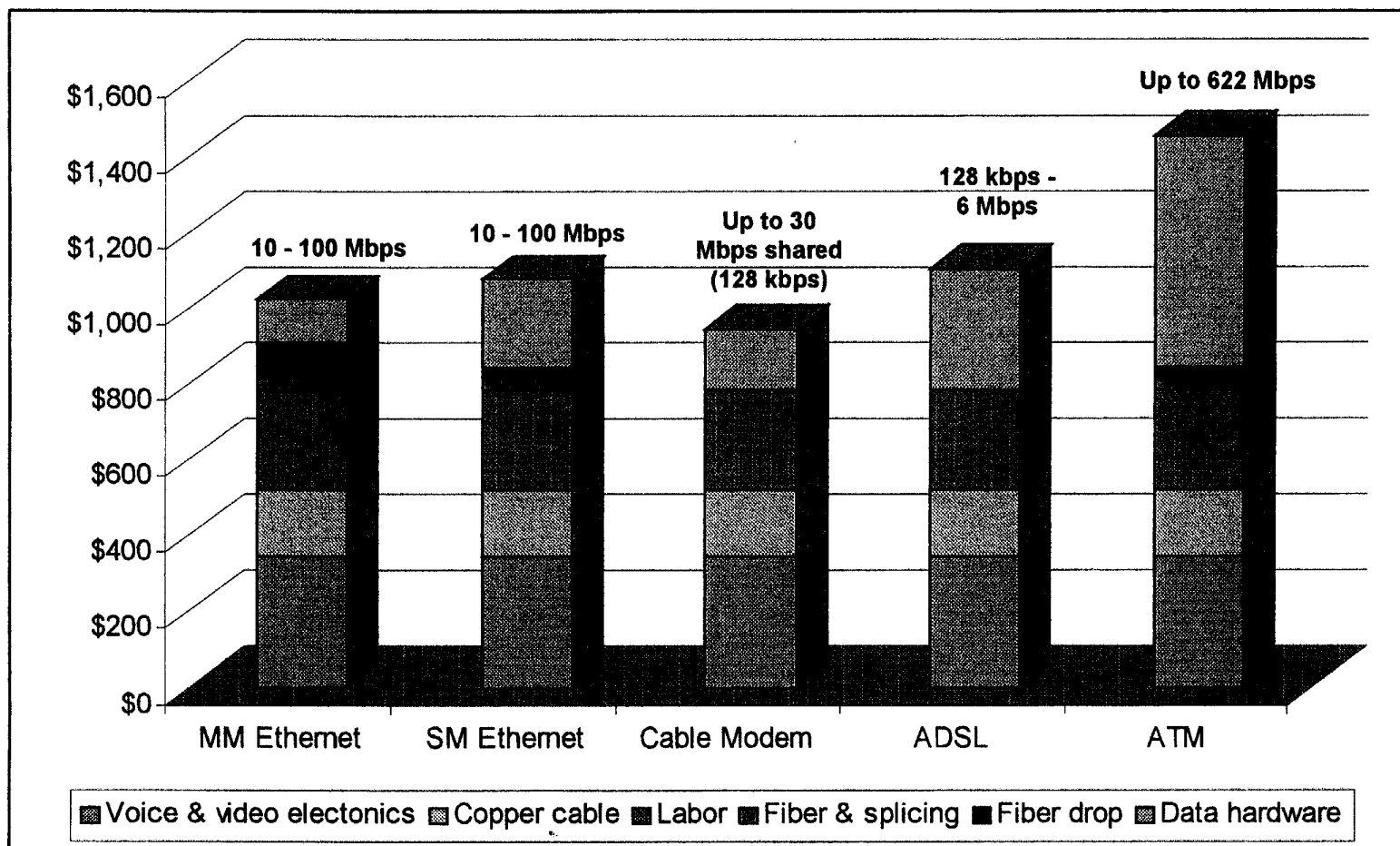
10 Mbps - 100 Mbps without replacing customer premises equipment

Gbps speeds with simple equipment upgrades

Avoids issues like lifeline power, etc.



Cost Model Results



* For urban build, per premise passed at 35% take rate

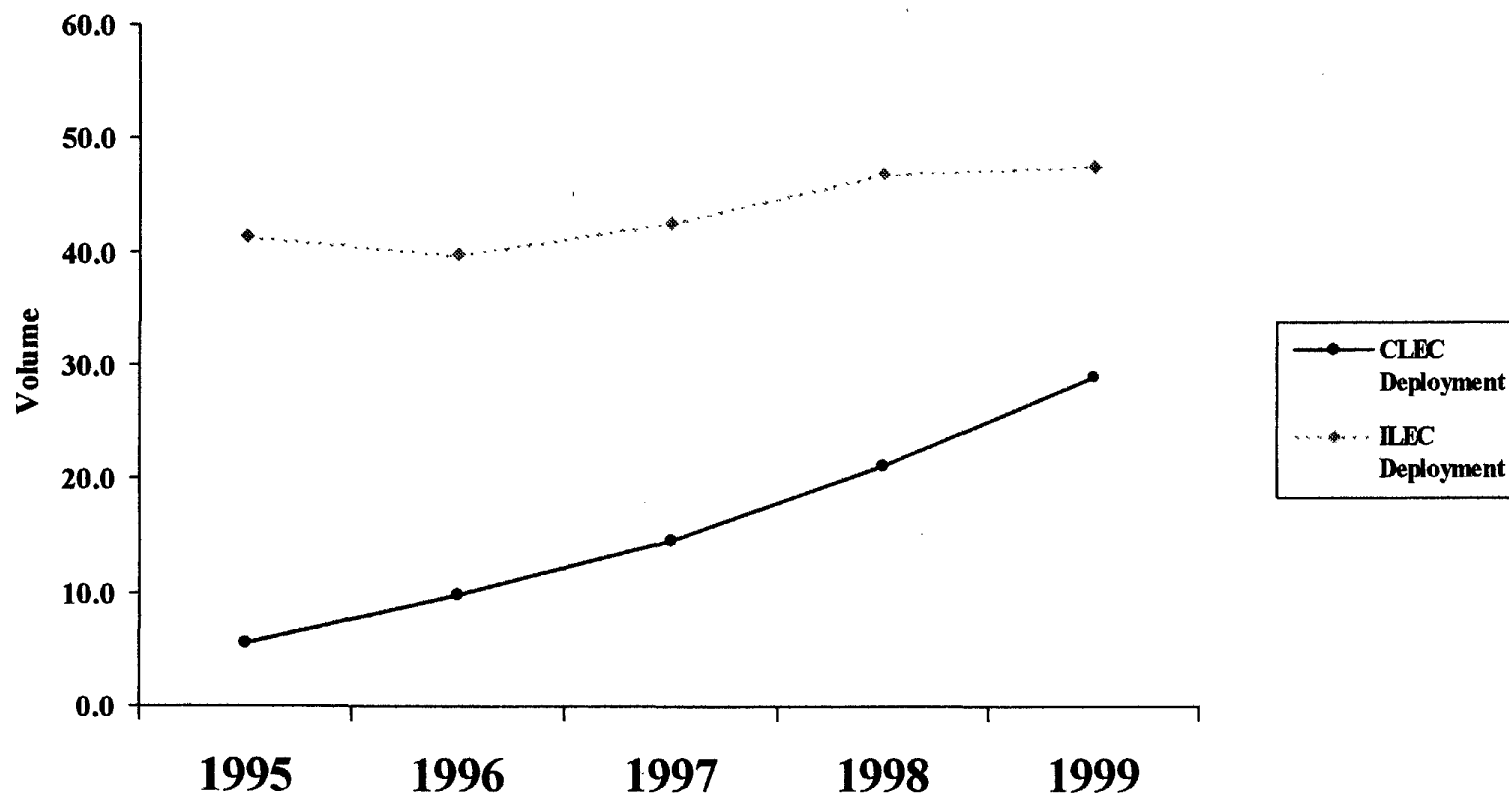


Court Opinion

- FCC can't "blind itself to the availability of elements outside the incumbent's network" in determining what is "necessary"
- Any increase in cost or decrease in quality does not provide the basis for "impair"
- FCC must determine on a "rational basis" which elements to unbundle given Act objectives and "necessary" and "impair" requirements

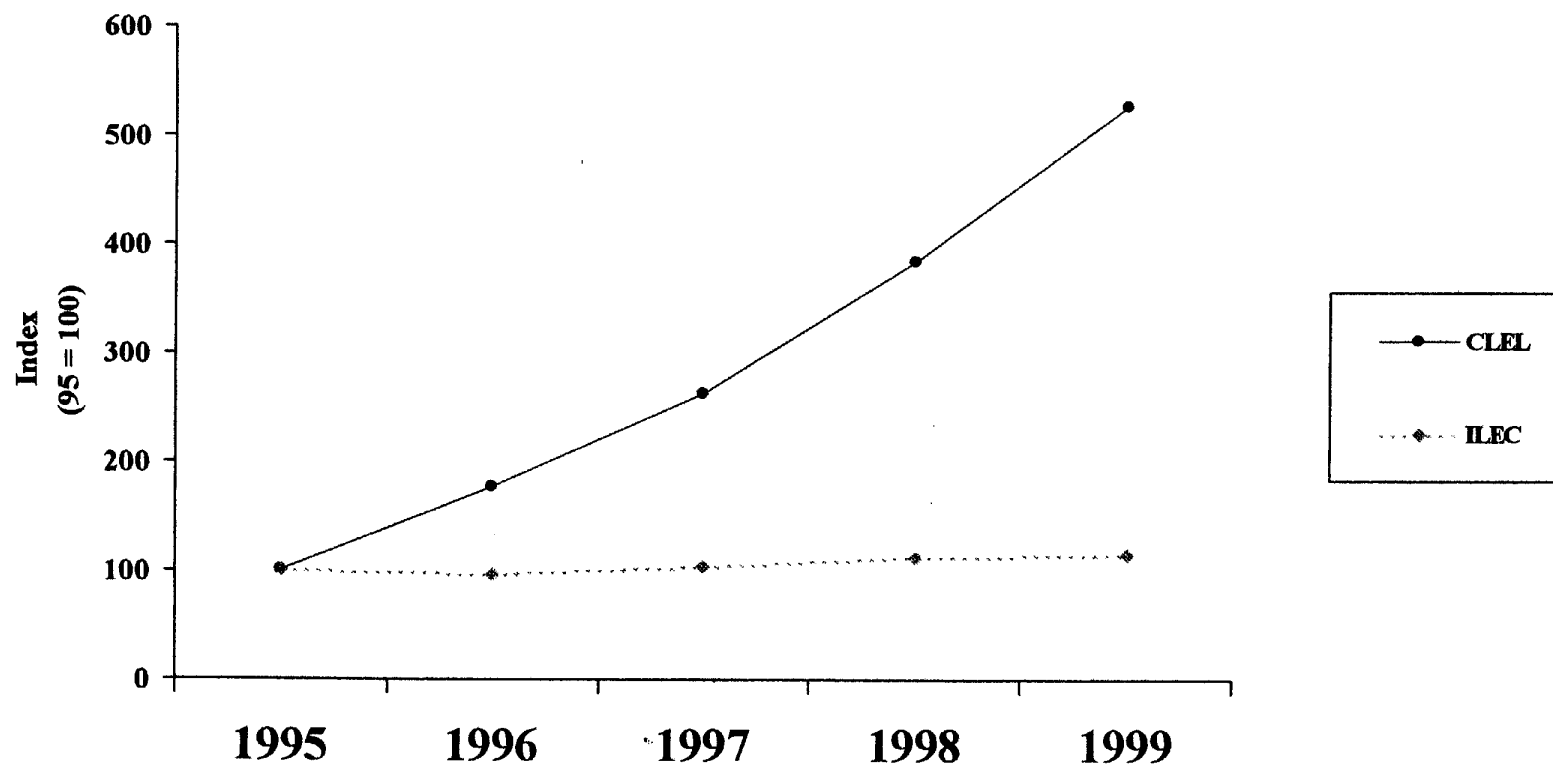
CLECs Aggressively Deploying Optical Fiber:

CLEC vs ILEC Deployment 1995-1999



CLECs Aggressively Deploying Optical Fiber:

CLEC vs ILEC Growth, Indexed to 1995=100



1998 CLEC vs ILEC Deployment of "New Residential Broadband Loop Facilities"

COMPANY	1998 ILEC DEPLOYMENT (homes passed)	1998 CLEC DEPLOYMENT (homes passed)
Ameritich	5,000	--
Bell Atlantic	80,000	--
BellSouth	200,000	--
NYNEX	60,000	--
Pac Bell	--	--
SBC (excl'g PacBell)	15,000	--
US West	10,000	--
GTE	--	--
Other ILEC	25,000	--
RCN	--	304,000
Other CLEC	--	15,000
	-----	-----
TOTAL	<u>395,000</u>	<u>319,000</u>

Conclusion

- Regulatory failure is serious
- Solution is to refrain from unbundling new residential broadband loop facilities
- Solution consistent for 251 (d)(2) and Court remand because:
 - 1) ILECs don't have such facilities
 - 2) only choice CLECs have is to build facilities
 - 3) CLECs can, and do, deploy such facilities below ILEC cost

Conclusion (con't)

- 4) Failure to unbundle such non-existent facilities does not violate the “necessary” and “impair” requirement